

Message Text

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ORIGIN OPIC-06

INFO OCT-01 AF-06 ISO-00 EB-07 AID-05 OMB-01 TRSE-00 L-02

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R 232334Z MAY 75

FM SECSTATE WASHDC

TO AMEMBASSY NAIROBI

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E.O. 11652: N/A

TAGS: EINV, KE

SUBJECT: POSSIBLE OPIC INCONVERTIBILITY CLAIM OF CHASE
INTERNATIONAL INVESTMENT CORP ("CIIC")

CIIC, AN OPIC INSURED INVESTOR, HAS ADVISED OPIC THAT ON OR ABOUT APRIL 21, 1975 KENYA CENTRAL BANK REJECTED CIIC'S APPLICATION TO TRANSFER THE U.S. DOLLAR EQUIVALENT OF K SHS. 3,042,062.05. THIS AMOUNT REPRESENTS CIIC'S SHARE OF THE PROCEEDS OF THE SALE OF TWO GAME LODGES OWNED BY THE FOREIGN ENTERPRISE, AFRICAN PONDEROSA LTD. ("APL") (K. SHS. 5,142,062.05) MINUS K. SHS. 2,100,000, WHICH REPRESENTS THE AMOUNT CIIC HAS BEEN PROHIBITED BY JUDICIAL INJUNCTION FROM REMOVING FROM THE JURISDICTION OF THE HIGH COURT OF KENYA AS A RESULT OF A COMPLAINT FILED AGAINST CIIC BY LAXMANBHAI & CO., THE CONSTRUCTION CONTRACTOR FOR THE GAME LODGES. THE CASE IS NOT EXPECTED TO GO TO TRIAL FOR MONTHS. THE INJUNCTION ORIGINALLY COVERED THE TOTAL AMOUNT OF CIIC'S SHARE OF SALES PROCEEDS AND WAS REDUCED

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TO K. SHS. 2,100,000 BY LEGAL ACTION TAKEN ON OR ABOUT

MARCH 20, 1975 BY PETER LEPELLEY OF HAMILTON HARRISON & MATHERS, ATTORNEY FOR CIIC.

APL HAD BEEN PLACED IN RECEIVERSHIP ON OCTOBER 23, 1975 AND, AFTER CONTINUED UNPROFITABLE OPERATIONS, ITS ASSETS

WERE SOLD TO NAIROBI HILTON LTD. THE TRUSTEE IN RECEIVERSHIP GRAHAM JONES CONTINUES TO ACT ON BEHALF CIIC IN MATTERS RELATING TO THE DISSOLUTION AND SALE OF APL AND DISTRIBUTION OF PROCEEDS TO APL'S CREDITORS.

TRUSTEE'S COMMUNICATION WITH CIIC STATED THAT CENTRAL BANK REFUSED HIS APPLICATION FOR CURRENCY TRANSFER IN AMOUNT OF K. SHS. 3,042,062.05 ON CIIC'S BEHALF BECAUSE, IN HIS WORDS, "UNLESS (CIIC'S) LOCAL LIABILITIES REDUCED (THE APPLICATION) WILL NOT BE APPROVED."

OLIVER, SECOND VICE-PRESIDENT OF CIIC HAS INFORMED TRUSTEE THAT HE KNOWS OF NO CIIC CREDITORS IN KENYA AND HAD ASKED TRUSTEE TO RESUBMIT APPLICATION, BUT HAS RECEIVED NO FURTHER COMMUNICATION FROM JONES.

NO ACTION BY EMBASSY REQUESTED NOW. OPIC WILL KEEP EMBASSY INFORMED OF DEVELOPMENTS. ANY INFORMATION EMBASSY HAS BEARING ON CIIC'S CLAIM APPRECIATED. KISSINGER

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